

Procedures for Peer-Review-Deficient CPA Firm Permit Holders

Board of Accountancy

Adopted: January 9, 2008

Revised:

Applicable Statutory Provisions: §§ 54.1-4412.C.5 and 54.1-4413.A and B

Applicable Regulatory Provisions: 18 VAC 5-21-60 and 18 VAC 5-21-70

NOTIFICATION: In June 2007, and each month thereafter until May 2008, all CPA firm permit holders whose permit expires in six months (for those selected in June, it would be on September 30th) will be sent a Peer Review Reporting Form. Each permit holder must complete the form and return it to the Board, along with documentation proving compliance, within 30 days of receiving the form.

The June group will be advised to return this material not later than July 15th. Second/Final notices will be mailed to those who did not reply by July 31st, with a deadline of August 10th. (Any permit holder who receives this form during the months of January through April may request a 30-day extension to report their compliance with the peer review requirement, if needed, due to heavy workload during tax season.)

WAIVERS: Permit holders will be advised that the Board has not granted waivers of peer review requirements. A waiver means that the permit holder does not wish to complete the required peer review. Should the permit holder wish to pursue a waiver, an informal fact-finding conference (IFF) will be scheduled.

DEFICIENT FIRM PERMIT HOLDERS: Firm permit holders who report that they have failed to comply will be presented with a Consent Order (CO) with a cover letter explaining that they have 30 days in which to consider signing the CO (they can seek legal advice if they so desire) or to request an IFF. The Executive Director will discuss any questions that they may have regarding the Board's action. They will be provided with a pre-addressed envelope in which to return the CO. **They may elect not to receive a renewal form, and agree that they will not renew their firm permit and address the peer review deficiency if they seek reinstatement in the future.**

FIRM PERMIT HOLDERS WHO ACCEPT CO: Firm permit holders who accept the CO and return it within 30 days will complete the process as instructed by the Board Office. (The Board shall delegate authority to the Executive Director to sign the CO to allow the Order to be entered immediately and the CO will be ratified at the next Board meeting.)

TERMS AND CONDITIONS OF THE CO: The following terms and conditions may be offered in the CO.

- **System Review not performed** – \$5,000 with \$2,500 suspended if all terms of the CO are met within 60 days. The CPA firm must provide the Board with documentation confirming that it has registered in the Board Approved Peer Review Program, and that it has engaged a Peer Reviewer.

Additionally, the CPA firm must submit to the Board, within 90 days of completing the review, documents, as follows:

Unmodified - (i) peer review report, and (ii) final letter of acceptance.

Adverse or Modified - (i) peer review report, (ii) letter of comments, (iii) letter of response, (iv) corrective action letter, (v) final letter of acceptance, and (vi) documentation confirming the date the CPA firm has registered for the firm's next peer review within 60 days of registering.

- **Engagement Review not performed** – \$2,500 with \$1,250 suspended if all terms of the CO are met within 60 days. The CPA firm must provide the Board with documentation confirming that it has registered in the Board Approved Peer Review Program, and that it has engaged a Peer Reviewer.

Additionally, the CPA firm must submit to the Board, within 90 days of completing the review, documents, as follows:

Unmodified - (i) peer review report, and (ii) final letter of acceptance.

Adverse or Modified - (i) peer review report, (ii) letter of comments, (iii) letter of response, (iv) corrective action letter, (v) final letter of acceptance, and (vi) documentation confirming the date the CPA firm has registered for the firm's next peer review within 60 days of registering.

- **Report Review not performed** – \$1,250 with \$625 suspended if all terms of the CO are met within 60 days. The CPA firm must provide the Board with documentation confirming that it has registered in the Board Approved Peer Review Program, and that it has engaged a Peer Reviewer.

Additionally, the CPA firm must submit to the Board, within 90 days of completing the review, documents, as follows:

Unmodified - (i) peer review report, and (ii) final letter of acceptance.

Adverse or Modified - (i) peer review report, (ii) letter of comments, (iii) letter of response, (iv) corrective action letter, (v) final letter of acceptance, and (vi) documentation confirming the date the CPA firm has registered for the firm's next peer review within 60 days of registering.

All Consent Orders will include a provision that states that failure to comply with the provisions within 60 days of the required compliance date as stated in the Order shall result in the automatic **suspension** of the firm permit. (Consent Orders cannot be appealed.)

FIRM PERMIT HOLDERS WHO DO NOT COMMUNICATE WITH THE BOARD, FAIL TO COMPLY: Will be notified that should they decide not to comply with the peer review requirements and instead choose to allow their firm permit to expire, that a permanent stop code shall be placed on their Board record and deemed an disciplinary/eligibility case. The matter of peer review non-compliance shall be reviewed by the Board should they seek reinstatement of their Virginia firm permit anytime in the future. They also will

be advised that this information will be reported to any Board of Accountancy that may request verification of their firm permit in the Commonwealth.

FIRM PERMIT HOLDERS WHO DO NOT ACCEPT CO AND REQUEST AN IFF: Will be sent a letter scheduling an IFF and the Board will proceed as in any other disciplinary/eligibility case.